BAKER BOTTS L.L.P.

700 K STREET, N.W.
WASHINGTON, D.C.
20001

TEL +1 202.639.7700
FAX +1 202.639.7890
BakerBotts.com

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Jay T. Ryan
TEL: 2026397789
FAX: 2025851015
jay.ryan@bakerbotts.com

VIA ELECTRONIC FILING

Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: ***FirstEnergy Service Company, on behalf of The Potomac Edison Company and American Transmission Systems, Inc.***
Request for Order Authorizing Abandoned Plant Incentive
Docket No. ER25- -000

Dear Secretary Reese:

Pursuant to Sections 205 and 219 of the Federal Power Act ("FPA"),[1] Order No. 679,[2] and the Federal Energy Regulatory Commission's ("FERC" or the "Commission") November 15, 2012 policy statement addressing transmission incentives,[3] FirstEnergy Service Company ("FirstEnergy") respectfully requests, on behalf of its affiliates, The Potomac Edison Company ("Potomac Edison") and American Transmission Systems, Inc. ("ATSI"),[4] authorization to recover 100% of the prudently incurred costs associated with investment in certain transmission projects if they are abandoned or cancelled, in whole or in part, for reasons beyond the control of Potomac Edison and ATSI ("Abandoned Plant Incentive").

[1] 16 U.S.C. §§ 824d, 824s.

[2] *Promoting Transmission Investment through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057 (2006) ("Order No. 679"), *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61,345 (2006), *order denying reh'g*, 119 FERC ¶ 61,062 (2007).

[3] *Promoting Transmission Investment through Pricing Reform*, 141 FERC ¶ 61,129 (2012) ("Incentive Policy Statement").

[4] Pursuant to Order No. 714, this filing is submitted by PJM Interconnection, L.L.C. ("PJM") on behalf of FirstEnergy as part of an XML filing package that conforms with the Commission's regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, FirstEnergy has requested PJM submit this filing in the eTariff system as part of PJM's electronic Intra PJM Tariff.

The transmission projects (collectively, the "FirstEnergy Projects") have been identified by PJM Interconnection, L.L.C. ("PJM") as needed to maintain reliability. As discussed below, PJM determined that the 2024 RTEP Open Window 1 projects, which include the FirstEnergy Projects, will resolve reliability criteria violations resulting primarily from the addition of data centers, electrification, and electric vehicle developments.

PJM has designated Potomac Edison and ATSI with specific construction responsibility for the FirstEnergy Projects.[5] Through the instant filing, FirstEnergy is seeking on behalf of its affiliates, a specific, tailored, risk-reducing incentive to address challenges presented by the development of the FirstEnergy Projects. Specifically, FirstEnergy is seeking authorization to recover 100% of its prudently incurred costs associated with the FirstEnergy Projects in the event one or more of Potomac Edison's or ATSI's projects, in whole or in part, are abandoned or cancelled for reasons beyond FirstEnergy's reasonable control.[6]

FirstEnergy respectfully requests that, pursuant to the Commission's Statutory Filing Guidance,[7] the Commission issue an order granting the requested Abandoned Plant Incentive no later than September 10, 2025, which is not less than 61 days from the date of this filing. Pursuant to the Statutory Filing Guidance, FirstEnergy submits this filing through eTariff by attaching duplicates of its formula rate templates for Potomac Edison and ATSI. Accordingly, FirstEnergy submits Attachments H-11A (Potomac Edison) and H-21A (ATSI), to the PJM Open Access Transmission Tariff ("PJM Tariff"), provided as Attachment C, with an updated effective date of September 10, 2025.[8] Prompt consideration of and Commission action on this request is critical to support FirstEnergy's timely development of the FirstEnergy Projects.

[5] The Commission has indicated that when there is more than one applicant seeking pre-approval of abandonment cost recovery arising out of the same project, the applicants should file a joint application. *See Baltimore Gas and Elec. Co.*, 127 FERC ¶ 61,201, P 37 n.35 (2009), *reh'g order*, 122 FERC ¶ 61,034 (2008); *Pub. Serv. Elec. & Gas Co.*, 126 FERC ¶ 61,219, P 55 (2009). Accordingly, FirstEnergy is filing one application on behalf of Potomac Edison and ATSI for these related facilities.

[6] As used throughout this application, "FirstEnergy Projects" means the projects that are part of the PJM 2024 RTEP Open Window 1 projects that have been assigned to one of FirstEnergy's affiliates. The list of projects for each FirstEnergy affiliate is identified in the Designated Entity Letters from PJM and Acknowledgement Letters of Potomac Edison and ATSI, provided with this filing as Attachment B.

[7] FirstEnergy submits this request pursuant to the Commission's *Notice of Procedures for Making Statutory Filings When Authorization for New or Revised Tariff Provisions Is Not Required*, Docket No. RM01-5-000 (June 3, 2020) ("Statutory Filing Guidance").

[8] FirstEnergy's submittal of this duplicate tariff record, in conjunction with its request for a Commission order authorizing the requested Abandoned Plant Incentive, is consistent with the direction provided in the Commission's *Notice of Procedures for Making Statutory Filings When Authorization for New or Revised Tariff Provisions Is Not Required*, Docket No. RM01-5-000 (June 3, 2020). Apart from providing an updated effective date, FirstEnergy does not propose any changes to Attachments H-11A (Potomac Edison) and H-21A (ATSI) to the PJM Tariff or propose any other tariff revisions or rate changes in this filing.

I. COMMUNICATIONS

FirstEnergy requests that all notices, correspondence, and communications regarding this filing be directed to the following individuals:[9]

Morgan Parke
Associate General Counsel
Marcus Pryor II
Attorney
FirstEnergy Service Company
341 White Pond Drive
Akron, OH 44320
(330) 620-9585
(330) 384-5947
mparke@firstenergycorp.com
mpryor_ii@firstenergycorp.com

Jay Ryan
Mary Franco
Baker Botts, L.L.P.
700 K Street, NW
Washington, D.C. 20001
(202) 639-7789
(202) 639-7950
jay.ryan@bakerbotts.com
mary.franco@bakerbotts.com

II. BACKGROUND

A. FirstEnergy's Affiliates

FirstEnergy submits this filing on behalf of Potomac Edison and ATSI, two of its affiliates.[10] FirstEnergy is a wholly owned subsidiary of FirstEnergy Corp., a publicly held corporation with operations and business activities in Ohio, Pennsylvania, West Virginia, Maryland, New Jersey, and New York. FirstEnergy Corp. is incorporated in Ohio, with its principal headquarters located in Akron, Ohio. FirstEnergy Corp. and its subsidiaries are principally involved in the transmission and distribution of electricity. FirstEnergy Corp.'s utility operating companies comprise one of the nation's largest investor-owned electric systems, serving over six million customers in the Midwest and Mid-Atlantic regions. FirstEnergy Corp.'s transmission operations include more than 24,000 miles of transmission lines and two regional transmission operation centers. FirstEnergy, as a centralized service company, provides legal, financial, and other corporate support services to all of FirstEnergy Corp.'s subsidiaries and affiliates.

[9] To the extent necessary, FirstEnergy respectfully requests waiver of Rule 203(b)(3) to include all the individuals identified above on the Commission's official service list in this proceeding and to be designated for service pursuant to Rule 2010. 18 C.F.R. § 285.203(b)(3) (2024).

[10] First Energy Transmission, LLC ("FET") is the parent company of ATSI. FirstEnergy Corp. holds an 50.1% ownership interest in FET. Following two transactions approved by the Commission on April 21, 2022 and August 14, 2023, respectively, and consummated on May 2, 2022 and March 25, 2024, respectively, North American Transmission Company II L.P., a controlled investment vehicle entity of Brookfield Infrastructure Partners ("Brookfield") holds a 49.9% ownership interest in FET. *See FirstEnergy Transmission, LLC, et al.*, 179 FERC ¶ 61,059 (2022); *FirstEnergy Transmission, LLC, et al.*, 184 FERC ¶ 61,095 (2023); *see also FirstEnergy Transmission, LLC, et al.*, Notice of Consummation, Docket No. EC22-33-000 (filed June 2, 2022); *FirstEnergy Transmission, LLC, et al.*, Notice of Consummation, Docket No. EC22-86-000 (filed March 27, 2024).

The Potomac Edison Company

Potomac Edison is a Maryland corporation that owns and operates electric facilities for the transmission and distribution of electric power in Maryland, Virginia, and West Virginia. Potomac Edison is a transmission-owning member of PJM, and its transmission facilities are subject to the functional control of PJM which provides transmission service to customers pursuant to the PJM Tariff.

American Transmission Systems, Inc.

ATSI is a transmission-only public utility, which owns, operates, and maintains transmission facilities in Ohio and western Pennsylvania. ATSI's transmission facilities are subject to the functional control of PJM, which provides transmission service to customers pursuant to the PJM Tariff.

B. Description of the 2024 RTEP Open Window 1

PJM's Regional Transmission Expansion Plan ("RTEP") seeks to develop holistic and robust solutions to address identified criteria violations. RTEP windows provide both incumbent and non-incumbent transmission developers an opportunity to submit project proposals to PJM for consideration. When a window closes, PJM proceeds with analytical, constructability, and financial evaluations to assess proposals for possible recommendation to the PJM Board.[11] If its project is selected, a designated developer becomes responsible for project construction, ownership, operation, maintenance, and financing. PJM's Manual 14 series addresses the rules governing the RTEP process.

The 2024 RTEP identified that the "largest number of violations were driven by heavy west-to-east transmission interface flows caused by large load increases in the Dominion zone and in eastern PJM: 10 GW and 15 GW load increase for 2029 and 2032 between the load forecasts used for the 2022 and 2024 RTEP study cycles, respectively."[12] The significant load growth primarily stems from new data centers, electrification, and electric vehicle developments.

PJM opened 2024 RTEP Proposal Window No. 1 on July 15, 2024, "to solve 6,911 NERC reliability criteria violations identified in the RTEP 2029 model year analysis as well as those identified in the 2032 model year requiring long-lead-time transmission solutions."[13] The 2024 RTEP Proposal Window No. 1 closed on September 17, 2024. PJM received 94 competitive proposals from 16 entities.[14] After 2024 RTEP Proposal Window No. 1 closed, PJM evaluated

[11] PJM Interconnection, L.L.C., RTEP 2024 Report, at 58 (Apr. 17, 2025) ("RTEP24 Report").

[12] *Id.* at 63.

[13] *Id.*

[14] *Id.*

the submitted proposals to develop and recommend solutions that meet all reliability and constructability requirements as detailed in the Reliability Analysis Report, issued on February 10, 2025.[15] This Report explains how PJM analyzed projects to address reliability violations. On February 26, 2025, the PJM Board approved the recommended solutions proposed in the 2024 RTEP Open Window 1, which requires the development of certain transmission facilities by Potomac Edison and ATSI.

Specifically, pursuant to its Commission-approved RTEP standards, PJM has designated Potomac Edison[16] with the following four components of the 2024 RTEP Open Window 1 projects:

- b4000.11: Expand Black Oak Sub to accommodate the connection of the 502 Jct-Woodside 500kV line and loop the 502 Jct-Woodside 500 kV line into the Black Oak substation by constructing ~0.85 miles of new 500kV line into and out of Black Oak 500kV substation

- b4000.110: Doubs Sub 500kV - replace 50kA breaker DL-59 #2CAP with 63kA

- b4000.12: Upgrade the terminal equipment on the Doubs No. 1 500/230kV transformer

- b4000.13: Terminate the Woodside-Goose Creek 500kV Line into Doubs Sub, creating the Woodside - Doubs #2 500kV Line; Remove the Chanceford-Doubs and Rocky Point-Doubs line terminations at the Doubs Sub and connect the two lines through a 0.6 mile 500kV bypass line around the Doubs Sub

PJM has designated ATSI[17] with the following four components of the 2024 RTEP Open Window 1 projects:

- b3925.4: Rebuild the Greenfield-Beaver 138kV corridor (32 miles) with 795 kcmil 26/7 ACSS. This corridor encompasses multiple 138kV lines that are constructed on common towers

- b3925.3: Rebuild the 6.5 miles of Avery-Hayes 138kV Line with 795 kcmil 26/7 ACSS conductor

- b3925.2: Rebuild the 13.45 miles of Greenfield-Lakeview 138kV Line from 2 x 336.4 kcmil 26/7 ACSR to 1 x 795 kcmil 26/7 ACSS

[15] PJM Interconnection, L.L.C., *Reliability Analysis Report 2024 RTEP Window 1* (Feb. 10, 2025), available at 20250107-2024-rtep-window-1-reliability-analysis-report.pdf.

[16] FirstEnergy, on behalf of the Potomac Edison Company, *Response to March 13, 2025, Notification of Designation of Construction Responsibility* (Apr. 11, 2025).

[17] FirstEnergy, on behalf of American Transmission Systems, Inc, *Response to March 13, 2025, Notification of Designation of Construction Responsibility* (Apr. 11, 2025).

- b3925.1: Rebuild the 7.46 miles of Avery-Shinrock 138kV Line with 795 kcmil 26/7 ACSS (7.46 miles)

III. THE FIRSTENERGY PROJECTS QUALIFY FOR ABANDONED PLANT INCENTIVE-BASED RATE TREATMENT

On behalf of its affiliates, FirstEnergy requests authorization to recover 100% of its prudently incurred costs for the development of each of the FirstEnergy Projects in the event one or more of the FirstEnergy Projects, in whole or in part, are abandoned or cancelled for reasons outside of FirstEnergy's reasonable control. The FirstEnergy Projects qualify for such treatment under FERC policy and precedent.

To encourage investment in transmission infrastructure, Congress, in 2005, directed the Commission to establish incentive-based rate treatments to promote investment in new transmission facilities.[18] Specifically, Section 219 of the FPA requires the Commission to promote capital investment in the development of the transmission grid by providing appropriate rate incentives.[19] In response to this directive, the Commission issued Order No. 679 setting forth policies and procedures by which utilities may seek incentives for investment in new transmission projects.[20] Order No. 679 specifically identifies as one available incentive the ability to recover 100% of prudently incurred costs associated with abandoned transmission projects in transmission rates when such abandonment is outside the control of management because such recovery constitutes "an effective means to encourage transmission development by reducing the risk of non-recovery of costs."[21]

To be eligible for transmission rate incentives under Order No. 679, a public utility must first demonstrate that the proposed transmission project will "either ensure reliability or reduce the cost of delivered power by reducing transmission congestion."[22] The Commission established a rebuttable presumption that this standard is met if: (1) the transmission project results from a fair and open regional planning process that considers and evaluates whether the project will enhance reliability or reduce congestion; or (2) the transmission project has received construction approval from an appropriate state commission or state siting authority.[23]

An applicant must also demonstrate that the total package of incentives requested is tailored to address the demonstrable risks or challenges faced by the applicant in undertaking the project—

[18] Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005).

[19] 16 U.S.C. § 824s(b)(2).

[20] Order No. 679, at P 1.

[21] *Id.* P 163.

[22] *Id.* P 76.

[23] *Id*. P 58; Order No. 679-A, at P 49.

i.e., the "nexus" test.[24] In its Incentive Policy Statement, the Commission explained that the nexus test is fact-specific, and requires the Commission to "analyze the need for each individual incentive, and the total package of incentives" to determine whether a sufficient nexus has been demonstrated between the incentives sought and the investment being made.[25]

As set forth herein, FirstEnergy's requested Abandoned Plant Incentive for the FirstEnergy Projects should be granted because: (i) the FirstEnergy Projects satisfy the rebuttable presumption of Order No. 679 as they were selected through the PJM RTEP process as multiple components of the 2024 RTEP Open Window 1 projects; and (ii) FirstEnergy has tailored its Abandoned Plant Incentive request to mitigate the specific risks associated with development of the FirstEnergy Projects.

A. The FirstEnergy Projects Qualify for the Rebuttable Presumption Under Order No. 679 Because They Were Selected Through the PJM RTEP Process

The Commission has established a rebuttable presumption that a transmission project ensures reliability or reduces the cost of delivered power when the project results from a fair and open regional planning process that considers and evaluates whether projects will enhance reliability or reduce congestion.[26] The FirstEnergy Projects, which are multiple components of the 2024 RTEP Open Window 1 Projects, qualify for Order No. 679's rebuttable presumption. The FirstEnergy Projects will ensure reliability and reduce the cost of delivered power by reducing transmission congestion. The FirstEnergy Projects directly result from the PJM RTEP process, a Commission-approved open and transparent regional transmission planning process that evaluates projects for reliability or congestion. As discussed in Ms. Lojek's Prepared Direct Testimony, PJM uses the RTEP competitive solicitation windows "to seek technical solution proposals to solve identified (i) reliability criteria violations in accordance with all applicable planning criteria mandated by PJM, NERC, SERC, RFC and Local Transmission Owners, (ii) economic constraints or RPM limits and (iii) Public Policy Requirements."[27]

PJM initiated the 2024 RTEP Open Window 1 competitive solicitation seeking proposals "to address regional transfer capability enhancement needs and other more local needs driving regional projects to meet accelerated load growth in various areas of the PJM footprint, changes in the mix of generation resources, and the resulting shifts to regional power flows."[28] PJM explained that "[t]he forecasted load growth is driven in part by data center load additions and the

[24] Order No. 679-A, at P 115.

[25] Incentive Policy Statement at P 10.

[26] Order No. 679, at P 58.

[27] PJM Manual 14F: Competitive Planning Process at 18, (effective April 27, 2022) available at https://www.pjm.com/-/media/documents/manuals/m14f.ashx.

[28] PJM Interconnection, L.L.C., *PJM Presents New Transmission Projects To Address Grid Reliability Amid Demand Growth, Changing Generation Fleet* (Dec. 5, 2024), https://insidelines.pjm.com/pjm-presents-new-transmission-projects-to-address-grid-reliability-amid-demand-growth-changing-generation-fleet/.

electrification of vehicles and building heating systems."[29] Moreover, PJM asserted that this load growth, if left unaddressed "will result in multiple instances of overloaded transmission lines and voltage performance issues, heightening the risk of power outages in the region."[30]

PJM has determined that the 2024 RTEP Open Window 1 projects, which include the FirstEnergy Projects, will meet reliability needs associated with the addition of data center load, electrification of vehicles, and building heating systems. The Prepared Direct Testimony of Jacquelyn Lee Lojek describes how the projects were evaluated and selected for inclusion in 2024 RTEP Open Window 1. Consequently, because the 2024 RTEP Open Window 1 projects will ensure reliability, and resulted from PJM's RTEP process, the FirstEnergy Projects satisfy the rebuttable presumption established in Order 679.[31]

B. There is a Nexus between the Abandoned Plant Incentive Sought and the Risks Presented by FirstEnergy's Development of the FirstEnergy Projects

Order No. 679's "nexus test" requires a demonstration that there is a sufficient "nexus" between the incentives being requested and the risks associated with the investment being made.[32] In its Incentive Policy Statement, the Commission explained that applicants should "demonstrate how the total package of incentives requested is tailored to address demonstrable risks and challenges."[33] The Commission has also stated that, in addition to "the challenges presented by the scope and size of a project, factors like various federal and state siting approvals introduce a significant element of risk."[34] The abandoned plant incentive is a means to reduce the regulatory risk of non-recovery of prudently incurred costs, and thereby provide greater certainty during the

[29] *Id.*

[30] *Id.*

[31] The Commission previously determined that projects selected in the RTEP satisfy the rebuttable presumption when granting the abandoned plant incentive. *See PJM Interconnection L.L.C.*, 188 FERC ¶ 61,045 at P 15 (2024) ("In this case, PJM's RTEP process, through which the Projects were approved, evaluated whether the Projects would enhance reliability and/or reduce congestion. Accordingly, we find that the Projects are entitled to the rebuttable presumption and meet the requirements of section 219"); *Potomac Edison Co.*, 189 FERC ¶ 61,161 (2024) (same); *see also Valley Link Transmission Maryland, LLC*, 191 FERC ¶ 61,113 at P 92 (2025) ("[W]e continue to find that PJM's RTEP process evaluates whether a project would enhance reliability and/or reduce congestion and that the Project Portfolio is entitled to the rebuttable presumption.").

[32] *See* Order No. 679, at P 48; Order No. 679-A, at P 16. The Commission has noted that an applicant does not need to satisfy a "but for" test – showing that the projects would not be built without the incentives – to satisfy the nexus requirement.

[33] Incentive Policy Statement at P 10.

[34] *Id.* at P 14.

pre-construction and construction periods.[35] As recognized in the Incentive Policy Statement, "factors like various federal and state siting approvals introduce a significant element of risk."[36]

As demonstrated below, the FirstEnergy Projects satisfy the Commission's nexus test because the challenges faced in developing the FirstEnergy Projects are significant and the Abandoned Plant Incentive sought is appropriately tailored to address those risks. Development of the FirstEnergy Projects presents regulatory and environmental risks and challenges, particularly with respect to the federal, state, and local regulatory approvals and authorizations that are required for the development and construction of large-scale transmission assets like the FirstEnergy Projects. While the FirstEnergy Projects have been selected through PJM's RTEP process, development of the FirstEnergy Projects has not yet reached the stage where FirstEnergy has begun applying for the majority of the numerous federal, state, and local permits required for development of the FirstEnergy Projects. FirstEnergy will be required to seek these authorizations and approvals and ensure that development and construction of the FirstEnergy Projects are conducted in compliance with both the authorizations and the underlying rules and regulations, including the Endangered Species Act, the Migratory Bird Act, and various state regulations.[37] Like any transmission developer, FirstEnergy has limited, if any, insight into the environmental factors (*e.g.*, endangered habitats, migratory paths, etc.) that will shape the path of the FirstEnergy Projects and could, conceivably, prevent their ultimate construction and operation. Further, large scale energy infrastructure projects are increasingly faced with challenges in administrative and judicial forums by project opponents, which increase the risk that a needed permit will be denied.[38] Moreover, the regulatory and environmental risks can also negatively impact financial stability and result in higher capital costs.[39]

As explained in Ms. Lojek's testimony,[40] the Potomac Edison components are subject to planning, siting, and execution risks. For planning, at least two of the baseline upgrades, b4000.11 and b4000.13, are dependent on another designated transmission developer's construction of a 500 kV line. Potomac Edison has no control over the construction and development of other segments of the 2024 RTEP Open Window 1 projects undertaken by other designated entities. The risks that third parties will not be able to complete, or timely complete, their portion of the 2024 RTEP Open Window 1 projects also presents significant risk to Potomac Edison.[41] For all the Potomac Edison baseline upgrades, significant load growth in the APS and Dominion zones is materializing, creating uncertainty about broader solutions that may be subsequently identified by PJM. Siting risks include approvals from state agencies. For the baseline upgrade b4000.11, the substation and

[35] *Id.* (citing *PJM Interconnection, L.L.C. and Pub. Serv. Elec. and Gas Co.*, 135 FERC ¶ 61,229 (2011)).

[36] *Id.*

[37] *See* Prepared Direct Testimony of Jacquelyn Lee Lojek at 8-9 ("Lojek Testimony").

[38] *Id.* at 9.

[39] Incentive Policy Statement at P 14.

[40] *See* Lojek Testimony at 9-10.

[41] *Id.* at 10.

resulting construction must address potential geologic and flood zone issues, further putting the project at risk.

The ATSI components are similarly subject to planning, siting, and execution risks. Like the Potomac Edison components, increases in load growth in the region may make broader solutions necessary soon, putting the specific ATSI rebuilds and upgrades at risk. Siting risks include potentially needing expanded priority tree rights, which may lead to delays.[42] Lastly, ATSI baseline upgrades, b3925.2 and b3925.4, must address geologic and endangered species risks.[43]

More generally, the physical construction of the FirstEnergy Projects also presents significant risks and challenges that could ultimately result in cancellation for reasons beyond the control of FirstEnergy. Costs for construction materials, specialized skilled labor, and specialized equipment remain high and fluctuate significantly due to supply chain issues and labor shortages that resulted from the COVID-19 pandemic. This uncertainty is exacerbated at a macro level by factors including: (i) geopolitical unrest, particularly in regions where materials and products used in the electricity sector are sourced; (ii) extreme weather events of increased frequency and intensity; (iii) changes in tariff policies; and (iv) intense competition for scarce resources.

C. The Requested Abandoned Plant Incentive is Tailored to Address and Mitigate the FirstEnergy Projects' Specific Risks

In Order No. 679-A, the Commission stated that, in determining whether an applicant has met the nexus test, "the Commission will examine the total package of incentives being sought, the inter-relationship between any incentives, and how any requested incentives address the risks and challenges faced by the project."[44] As discussed above, the Abandoned Plant Incentive is targeted at mitigating the risk of unrecovered costs in the event any one of the FirstEnergy Projects is cancelled or abandoned for reasons outside of FirstEnergy's control. Moreover, the Abandoned Plant Incentive is consistent with abandoned plant recovery incentives that the Commission has recently approved for other resources which, like the Project, have been included in a Regional Transmission Expansion Plan.[45]

[42] *Id.* at 10.

[43] *Id.*

[44] Order No. 679-A, at P 21.

[45] *See NextEra Energy Transmission MidAtlantic Indiana, Inc.*, 186 FERC ¶ 61,052 (2024) (approving abandonment incentive for project included in PJM Interconnection, L.L.C.'s 2022 Regional Transmission Expansion Plan); *PJM Interconnection L.L.C.*, 188 FERC ¶ 61,045 (2024) (approving abandonment incentive for FirstEnergy Affiliate projects included in PJM Interconnection, L.L.C.'s 2022 Regional Transmission Expansion Plan); *Potomac Edison Co.*, 189 FERC ¶ 61,161 (2024) (approving abandonment incentive for Potomac Edison projects included in PJM Interconnection, L.L.C.'s 2022 Regional Transmission Expansion Plan).

D. The Commission Should Grant the Requested Relief Under FPA Section 205 If It Declines to Do So Pursuant to Order No. 679

The Commission is not limited to authorizing incentive rate treatments pursuant to Order No. 679 and the Incentive Policy Statement. The Commission has routinely recognized its authority under section 205 of the FPA to approve rate incentives "when they would promote the Commission's policies."[46] This authority exists in addition to its incentive rate policy under Order No. 679.[47] In exercising its authority under section 205 of the FPA to grant rate incentives, the Commission considers whether the incentives requested would "promote the Commission's policies" including, "among other . . . factors, whether the incentive encourages the development of much needed transmission facilities, improves the performance of the grid by increasing the transfer capability of the grid and by providing reliability benefits to the grid, and is intended to increase the supply of energy to the grid."[48]

Thus, to the extent the Commission determines it is unable to grant the requested Abandoned Plant Incentive pursuant to Order No. 679, the Commission should authorize FirstEnergy's use of the Abandoned Plant Incentive under FPA Section 205 because the requested incentive rate treatment is just and reasonable and will support timely development of projects that will provide substantial benefits to ratepayers.

E. FirstEnergy's Rates Will Be Just and Reasonable

In accordance with Order No. 679 and Commission precedent, before FirstEnergy can collect any abandonment costs, it must make a filing under FPA Section 205 demonstrating the prudence of the costs for which recovery is sought.[49] In such a Section 205 proceeding, abandoned plant recovery would be available for 100% of prudently incurred project costs expended after the date of issuance of the Commission's order approving the incentive.[50]

[46] *S. Cal Edison Co.*, 133 FERC ¶ 61,107 at P 60, *reh'g denied,* 133 FERC ¶ 61,255 (2010) (*citing S. Cal. Edison Co*., 112 FERC ¶ 61,014, *reh'g denied*, 113 FERC ¶ 61,143 (2005)); *San Diego Gas & Elec. Co*., 98 FERC ¶ 61,332, *reh'g denied*, 100 FERC ¶ 61,073 (2002); *see also Pac. Gas & Elec. Co*., 123 FERC ¶ 61,067, P 33 (2008).

[47] Order No. 679-A, at P 21 n.37.

[48] *S. Cal. Edison Co*., 133 FERC ¶ 61,107, at P 60.

[49] *PJM Interconnection, LLC*, 158 FERC ¶ 61,089, P 51 (2017) (citing *Primary Power LLC*, 131 FERC ¶ 61,015, P 124 (2010)); Order No. 679, at P 166.

[50] *Citizens Energy Corp.*, 157 FERC ¶ 61,150, P 40 (2016); *PJM Interconnection, L.L.C.*, 140 FERC ¶ 61,197, P 24 (2012).

IV. TIMELY COMMISSION ACTION IS NECESSARY SO THAT COSTS INCURRED AFTER SEPTEMBER 10, 2025 ARE RECOVERABLE UNDER THE ABANDONMENT INCENTIVE

Timely action on this request for the Abandoned Plant Incentive is important to ensure that 100% of prudent construction costs incurred after September 10, 2025 are eligible for recovery if any one of the FirstEnergy Projects is abandoned for reasons outside of FirstEnergy's control.

FERC has explained that its default policy is to apply the 100% abandoned plant cost recovery incentive to costs incurred after FERC's order granting the incentive, and that the costs incurred before the order authorizing 100% abandoned plant cost recovery would be eligible for only 50% cost recovery.[51] Thus, timely action on this request is consequential in making FirstEnergy's requested Abandoned Plant Incentive effective. In Order No. 679, the Commission recognized the potential time-sensitivity of action on requests for incentive rate treatments and explained that it would strive to act on requests for incentive rate treatments within 60 days of the request, regardless of whether the request is filed pursuant to FPA Section 205 or 219.[52] FirstEnergy submits this request for Abandoned Plant Incentive for the FirstEnergy Projects pursuant to the Commission's Statutory Filing Guidance and requests an effective date of September 10, 2025.

V. ADVANCED TECHNOLOGY STATEMENT

Under Order No. 679, FirstEnergy is required to submit a statement describing any advanced technologies considered for the Project, along with an explanation if advanced technologies will not be utilized. FirstEnergy will use optical ground wires and Aluminum Conductor Steel Supported ("ACSS") transmission conductors which together will provide a technologically advanced and highly reliable and resilient project. FirstEnergy will emphasize good utility practice and efficient engineering design and construction practices in developing the FirstEnergy Projects. The Prepared Direct Testimony of Jacquelyn Lee Lojek contains further discussion of FirstEnergy's use of advanced technologies in developing the FirstEnergy Projects.[53]

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[51] *PJM Interconnection, L.L.C.*, 164 FERC ¶ 61,015, PP 7-12 (2018). Authority to recover 50% of cancelled plant costs incurred prior to a Commission order granting the Abandoned Plant Incentive is not a transmission rate incentive requiring action under Order No. 679. *Potomac Edison Co., et al*., 165 FERC ¶ 61,168, P 22 n.45 (2018) ("*Potomac Edison*"). Such authority arises out of the Commission's general policy that the equities support allocating the loss associated with cancelled plant equally between ratepayers and investors. *New England Power Co.*, Opinion No. 295, 42 FERC ¶ 61,016 at 61,081-82, *order on reh'g*, 43 FERC ¶ 61,285 (1988). Consistent with this general policy, FirstEnergy reserves the right to seek to recovery 50% of its prudently incurred Project costs expended prior to a Commission order granting the Abandoned Plant Incentive, if the Project is abandoned or cancelled, subject to a future filing pursuant to Section 205 of the FPA. *See Potomac Edison*, 165 FERC ¶ 61,168, at P 22.

[52] Order No. 679, at P 77.

[53] *See* Lojek Testimony at 12-13.

VI. REVISIONS TO THE FORMULA RATE TEMPLATES

FirstEnergy's requested Abandoned Plant Incentive does not require any changes or modifications to FirstEnergy's formula rate templates at this time.

VII. INFORMATION REQUIRED BY THE COMMISSION'S REGULATIONS AND REQUEST FOR WAIVERS

A. Documents Submitted with this Filing (Section 35.13(b)(1))

Along with this transmittal letter, the documents submitted in this filing include the following:

Attachment A – Prepared Direct Testimony of Jacquelyn Lee Lojek

Attachment B – PJM Designated Entity Letters and Acknowledgement Letters of Potomac Edison and ATSI

Attachment C – PJM Tariff, Attachments H-11A (Potomac Edison) and H-21A (ATSI)

B. Effective Date (Section 35.13(b)(2))

FirstEnergy requests an effective date of September 10, 2025, without suspension or hearing, for the proposed Abandoned Plant Incentive for the FirstEnergy Projects.

C. Service (Section 35.13(b)(3))

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting the filing electronically. In accordance with the Commission's regulations,[54] PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: https://www.pjm.com/library/filing-order with a specific link to the newly-filed document, and will send an e-mail on the same date as the filing to all PJM Members and all state utility regulatory commissions in the PJM Region[55] alerting them that this filing has been made by PJM and is available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. A copy of this filing will be available on the Commission's eLibrary website located at the following link: http://www.ferc.gov/docs-filing/elibrary.asp in accordance with the Commission's regulations and Order No. 714.[56]

[54] *See* 18 C.F.R. §§ 35.2(e) and 385.2010(f)(3).

[55] PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

[56] *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).

D. Description of the Rate Filing (Section 35.13(b)(4))

The basis for the requested Abandoned Plant Incentive is described above in Section III.

E. Statement of Reasons for the Rate Filing (Section 35.13(b)(5))

See Section III, above.

F. Requisite Agreements (Section 35.13(b)(6))

FirstEnergy is not required to obtain prior agreement from other parties for the submission of this filing.

G. Statement Regarding Illegal, Duplicative, or Unnecessary Costs (Section 35.13(b)(7))

None of the costs relating to this filing has been alleged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory practices.

H. Cost of Service and Revenue Information to Support Filing and Request for Waiver

FirstEnergy believes that it has provided sufficient information for the Commission to authorize the requested abandoned plant incentive. As stated above, recovery of any abandoned plant costs would be subject to a future FPA Section 205 filing with the Commission, in accordance with Order No. 679. To the extent the Commission's regulations in 18 C.F.R. Section 35.13(a), (c), (d), or (h) would require any additional information, FirstEnergy respectfully requests waiver of such requirements.

I. Request for Waivers

FirstEnergy respectfully requests that the Commission grant any further waivers of its regulations, including any requirements set forth in 18 C.F.R. Pt. 35 to the extent necessary to permit the Commission to accept this filing and grant the requested relief.

VIII. CONCLUSION

WHEREFORE, for the reasons set forth above, FirstEnergy respectfully requests that the Commission authorize FirstEnergy, on behalf of its affiliates Potomac Edison and ATSI, to recover 100% of the prudently incurred costs associated with its investment in the FirstEnergy Projects if one or more of the FirstEnergy Projects, in whole or in part, are abandoned or cancelled for reasons beyond the control of FirstEnergy, effective no later than September 10, 2025.

Respectfully,

/s/ Jay Ryan

Jay Ryan
Mary Franco
Baker Botts, L.L.P.
700 K Street, NW
Washington, D.C. 20001
(202) 639-7789
(202) 639-7950
jay.ryan@bakerbotts.com
mary.franco@bakerbotts.com

Morgan Parke
Associate General Counsel
Marcus Pryor II
Attorney
FirstEnergy Service Company
341 White Pond Drive
Akron, Ohio 44320
(330) 620-9585
(330) 384-5947
mparke@firstenergycorp.com
mpryor_ii@firstenergycorp.com

Counsel for FirstEnergy Service Company

ATTACHMENT A

PREPARED DIRECT TESTIMONY OF JACQUELYN LEE LOJEK

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

FirstEnergy Service Company	)	Docket No. ER25-___-000

PREPARED DIRECT TESTIMONY OF JACQUELYN LEE LOJEK

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. My name is Jacquelyn Lee Lojek. I am the Manager of Transmission Planning for FirstEnergy Service Company ("FirstEnergy"), an affiliate of The Potomac Edison Company ("Potomac Edison") and American Transmission Systems, Inc. ("ATSI"). My business address is 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS MANAGER OF TRANSMISSION PLANNING.

A. I oversee the planning functions across FirstEnergy to ensure safe and reliable operation of the transmission and sub-transmission lines and substations in accordance with FirstEnergy, PJM Interconnection, L.L.C. ("PJM"), and the North American Electric Reliability Corporation ("NERC") reliability criteria. Transmission Planning develops capital reinforcement projects to address any identified reliability criteria violations on the transmission and sub-transmission system.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science Degree in Electrical Engineering from Pennsylvania State University. I received a Master of Science Degree in Industrial Engineering from University of Pittsburgh in 2014. I am a Registered Professional Engineer with the Commonwealth of Pennsylvania, as well as with the Commonwealth of Virginia and the states of Ohio, West Virginia, and Maryland. I started my professional career with Westinghouse Electric Company in 2011 as a Hardware Engineer designing relay control equipment for nuclear power plants. My professional experience prior to joining FirstEnergy includes nuclear power plant automation design, manufacturing, testing and commissioning. My FirstEnergy professional experience includes transmission planning, project management, and continuous improvement. I joined FirstEnergy in September 2017 in the Transmission Planning department as an Engineer where I was responsible for planning the company's electric transmission system for the West Penn Power Company ("West Penn") and the Pennsylvania Electric Company ("Penelec"). In 2021, I was named Supervisor of Transmission Project Management for Monongahela Power ("Mon Power"), Potomac Edison, West Penn Power, and Penelec. I was promoted to Manager of Process Control & Continuous Improvement in December 2022. In 2023, I was promoted to my current role as Manager of Transmission Planning with oversight responsibility of the network planning activities. My education, experience, and qualifications are fully set forth in Appendix A to my testimony.

Q. HAVE YOU PROVIDED TESTIMONY IN PRIOR PROCEEDINGS BEFORE THE COMMISSION?

A. Yes. I have previously provided testimony for requests of certain transmission rate incentives in FERC Docket Nos. ER24-1998-000, ER25-19-000, and ER25-1633-000.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. FirstEnergy, on behalf of its affiliate companies Potomac Edison and ATSI, seeks FERC authorization for an abandoned plant incentive that would provide for recovery of 100% of its prudently incurred costs associated with its investment in the transmission projects identified in PJM's 2024 Regional Transmission Expansion Plan ("RTEP") Window 1 and designated to Potomac Edison and ATSI (FirstEnergy's assigned projects, the "FirstEnergy Projects") if one or more of the FirstEnergy Projects are abandoned or cancelled, in whole or in part, for reasons beyond the control of FirstEnergy ("Abandoned Plant Incentive"). Through my testimony, I explain how the FirstEnergy Projects satisfy the Commission's requirements for the requested Abandoned Plant Incentive.

Q. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION AND CONTROL?

A. Yes. I consulted Tracey Janis, Manager of Siting Survey & Right of Way for FirstEnergy to determine the siting and environmental approvals necessary for the FirstEnergy Projects.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony provides a description of the FirstEnergy Projects including advanced technologies utilized for the FirstEnergy Projects included in the PJM 2024 RTEP that were selected in the PJM 2024 RTEP Window 1. My testimony also describes how the FirstEnergy Projects will provide reliable and economic energy delivery to meet future reliability needs in PJM. I also discuss the risks and challenges associated with the development of the FirstEnergy Projects that the abandoned plant incentive would mitigate. Specifically, I explain the risks related to the requirements for regulatory approvals from the federal government as well as the relevant states, and the various municipalities and

permitting agencies within each state. I also address the financial and construction risks associated with execution of the FirstEnergy Projects.

II. OVERVIEW OF THE PROJECT

Q. PLEASE DESCRIBE THE PJM 2024 RTEP WINDOW 1.

A. PJM's RTEP seeks to develop holistic and robust solutions to address identified reliability criteria violations. The 2024 RTEP determined that the most significant and largest number of violations were driven by heavy west-to-east transmission interface flows caused by large load increases in the Dominion zone and eastern PJM. The significant load growth is primarily attributed to new data centers, electrification, and electric vehicle developments. There was a 10-gigawatt ("GW") load increase for year 2029 between the load forecast used for the 2022 RTEP and the 2024 RTEP. PJM initiated 2024 RTEP Window 1 to solve NERC reliability criteria violations identified in the 2024 RTEP 2029 model year analysis. A 2032 model analysis was also used to ensure right-sizing of the proposed long-lead-time transmission solutions identified as part of the 2029 model year analysis. PJM received 94 competitive proposals from 16 entities. After the 2024 RTEP Window 1 closed, PJM evaluated the submitted proposals to recommend the suite of solutions that meet all reliability and constructability requirements. On February 26, 2025, the PJM Board approved the recommended set of solutions proposed in the 2024 RTEP Window 1, which includes the construction of certain transmission facilities by Potomac Edison and ATSI.

Q. PLEASE DESCRIBE THE OWNERSHIP OF AND CONSTRUCTION RESPONSIBILITY FOR THE PROJECT.

A. FirstEnergy will construct, own, operate, and maintain the FirstEnergy Projects. As I indicated above, the FirstEnergy Projects are FirstEnergy's portion of a larger set of solutions selected by PJM in the 2024 RTEP Window 1. Included with this application as Attachment B are PJM Designated Entity Letters to Potomac Edison and ATSI, indicating the components of the PJM 2024 RTEP Window 1 that each entity has been designated responsibility to construct.

Q. WHICH ENTITY WILL OPERATE AND MAINTAIN THE PROJECT?

A. Upon completion, functional control over the FirstEnergy Projects will be turned over to PJM consistent with the PJM Transmission Owners Agreement. FirstEnergy will retain Transmission Owner responsibility for the FirstEnergy Projects including the routine maintenance responsibility.

III. ANALYSIS AND SELECTION OF THE FIRSTENERGY PROJECTS THROUGH THE PJM RTEP PROCESS

Q. PLEASE DESCRIBE THE RTEP PROCESS.

A. PJM's RTEP identifies transmission system upgrades and enhancements to provide for the operational, economic, and reliability requirements of PJM customers. PJM's region-wide RTEP approach integrates transmission with generation and load response projects to meet load-serving obligations. PJM applies planning and reliability criteria over a 15-year horizon to identify transmission constraints and other reliability concerns. Transmission upgrades to mitigate identified reliability criteria violations are then examined for their feasibility, impact, and costs, culminating in one plan for the entire PJM footprint. Pursuant to PJM's RTEP rules and procedures in its Operating Agreement, PJM:

1) **Identifies Project Needs**. PJM identifies transmission projects needed to serve customers in the future. As part of that process, PJM ensures that the transmission system complies with national and regional reliability criteria to prevent overloaded facilities, voltage levels beyond acceptable levels, and potential blackouts. Several interrelated drivers are assessed in identifying project needs. Among other things, PJM's RTEP analysis incorporates the latest available information on:

- Load forecast
- Generating resources
- Transmission topology
- Demand response resources
- Bilateral transactions

2) **Develops Transmission Solutions**. After PJM identifies a baseline (including market efficiency) transmission need, PJM may open a competitive proposal window, depending on the required in-service date, voltage level and scope of likely projects. Throughout each RTEP window, registered transmission entities can submit project proposals to address one or more reliability need. When a window closes, PJM evaluates each submitted proposal to determine if any meet PJM's project requirements. If so, PJM then recommends a proposal to the PJM Board. Once the Board approves a proposal, the designated entity becomes responsible for project construction, ownership, operation, maintenance, and financing.

Q. DID PJM APPROVE THE FIRSTENERGY PROJECTS THROUGH THE RTEP PROCESS?

A. Yes. In July 2024, PJM opened 2024 RTEP Window 1 seeking solutions to resolve identified reliability criteria violations on certain facilities resulting from anticipated increased electricity demand. PJM's analysis revealed transmission reinforcements were necessary to maintain system reliability. As a result, PJM solicited proposals through its RTEP process to develop robust, holistic, and expandable solutions that address the reliability criteria violations it identified. After receiving and reviewing 94 proposals from 16 entities, PJM ultimately selected a comprehensive set of preferred solutions to address the 2024 RTEP Window 1 needs that includes components of proposals submitted by FirstEnergy. PJM presented its preferred solutions for the FirstEnergy Projects to stakeholders at the Transmission Expansion Advisory Committee meetings on November 6, 2024, December 6, 2024, and January 7, 2025. The PJM Board approved the preferred solutions, and PJM notified FirstEnergy that its affiliates were designated construction responsibility for eight components of the PJM 2024 RTEP Window 1 Project.

Q. HOW WERE THE FIRSTENERGY PROJECTS EVALUATED?

A. To be included in PJM 2024 RTEP Window 1, the FirstEnergy Projects had to meet rigorous PJM criteria establishing that the FirstEnergy Projects will provide regional economic, reliability and public policy benefits. PJM evaluated the FirstEnergy Projects and other proposed RTEP project candidates for inclusion in 2024 RTEP Window 1 on a reliability, economic, and energy delivery basis. PJM's objective in reviewing the 2024 RTEP Window 1 proposals was to develop robust, holistic, and expandable solutions that address the reliability criteria violations, driven by load growth in the region. PJM tests for compliance with all reliability criteria imposed by NERC and PJM as well as transmission owner criteria. Specifically, NERC reliability standards require that PJM

identifies the system conditions to be evaluated that sufficiently stress the transmission system to ensure that it meets the performance criteria specified in the standards.

Q. DID THE PJM PLANNING PROCESS CONSIDER THE RELIABILITY IMPACTS OF THE FIRSTENERGY PROJECTS?

A. Yes. As I discussed in my previous response, in analyzing the FirstEnergy Projects, PJM considered load growth projections and the corresponding reliability effects on the transmission system.

IV. RISKS AND CHALLENGES FACING THE FIRSTENERGY PROJECTS

Q. WHAT KEY REGULATORY APPROVALS ARE REQUIRED FOR THE FIRSTENERGY PROJECTS?

A. Development of the FirstEnergy Projects will require multiple regulatory approvals from federal, state, and local authorities. Key state and federal regulatory approvals required include, but are not limited to:

- a National Pollutant Discharge Elimination System permit under the Clean Water Act;
- a Section 404 Clean Water Act permit;
- compliance with Section 106 of the National Historic Preservation Act;
- compliance with Endangered Species Act;
- compliance with the Migratory Bird Treaty Act;
- compliance with the Bald and Golden Eagle Protection Act;
- applicable Certificates of Public Convenience and Necessity issued by the state public utility regulatory commissions;
- consultation with National Parks Service;

- consultation with Department of Natural Resources and/or related agencies;
- consultation with Federal Aviation Administration;
- railroad crossing permit(s); and
- permit(s) for road crossings and any necessary occupation of road rights of way.

Key local approvals include, but are not limited to:

- planning and zoning modifications or exemptions for construction;
- county road permits related to construction activities;
- Soil Erosion and Sedimentation Control permitting requirements;
- any necessary drainage and flood district approvals; and
- additional approvals that may be required at the municipal and township levels.

Q. WHAT IS THE STATUS OF THE KEY FEDERAL PERMITTING REGULATORY APPROVALS?

A. FirstEnergy has not yet applied for any of the key federal regulatory approvals.

Q. WHAT IS THE STATUS OF THE KEY STATE AND LOCAL PERMITTING APPROVALS?

A. FirstEnergy has not yet applied for any of the key state and local regulatory approvals.

Q. WHAT ARE THE RISKS ASSOCIATED WITH THESE PERMITTING PROCESSES?

A. There is no guarantee that any of the agencies from which FirstEnergy needs a permit or other regulatory approval in order to construct the FirstEnergy Projects will grant them, or, if they do, that such approvals will not be subject to legal challenge. FirstEnergy has been experiencing increased opposition from landowners and other stakeholders to large infrastructure projects such as this one. As a result, FirstEnergy anticipates legal challenges

to grants of permits and other regulatory approvals. In addition, various agencies may place conditions on the FirstEnergy Projects or restrictions on the start of construction until certain conditions are met that could result in delays or require abandonment, in whole or in part, of one or more of the FirstEnergy Projects.

Q. WHAT SPECIFIC RISKS APPLY TO THE POTOMAC EDISON COMPONENTS?

A. The Potomac Edison components are subject to planning, siting, and execution risks. At least two of the baseline upgrades, b4000.11 and b4000.13, are dependent on another designated transmission developer's construction of 500 kV lines. The risks that third parties will not be able to complete, or timely complete, their portion of the projects present significant risk to Potomac Edison. For all the Potomac Edison baseline upgrades, load growth in the APS and Dominion zones is materializing, creating uncertainty about broader solutions that PJM may identify in the future. Siting risks include approvals from state agencies. For the baseline upgrades b4000.11 and b4000.13, FirstEnergy must address geologic and flood zone risks, creating further risks for the projects.

Q. WHAT SPECIFIC RISKS APPLY TO THE ATSI COMPONENTS?

A. The ATSI components are similarly subject to planning, siting, and execution risks. Increase in load growth in the region may make broader solutions necessary soon, creating risks for the specific ATSI rebuilds and upgrades. As far as siting risks local permits will be required for various ATSI components. Further siting risks include potentially needing expanded priority tree rights, which may lead to delays in construction. Lastly, the ATSI baseline upgrades, b3925.2 and b3925.4, must address geologic and endangered species issues.

Q. WHAT OTHER RISKS TO THE FIRSTENERGY PROJECTS EXIST THAT ARE BEYOND THE CONTROL OF FIRSTENERGY?

A. The above regulatory and environmental risks translate into significant financial risks for FirstEnergy in the development of the FirstEnergy Projects. The requirement to secure numerous federal, state, and local regulatory authorizations and permits – and the significant uncertainty associated therewith – present regulatory and environmental risks that can negatively impact financial stability, result in higher capital costs, cause delays to project construction, or lead to rescoping and redesigning components of the project.

Q. WHAT IS YOUR BASIS FOR THIS CLAIM?

A. In addition to my experience in transmission development, the Commission recognized in its Incentive Policy Statement that the above risks are associated with transmission investment (*Promoting Transmission Investment through Pricing Reform*, 141 FERC ¶ 61,129 (2012)).

Q. ARE THERE OTHER TYPES OF CHALLENGES AND RISKS ASSOCIATED WITH DEVELOPMENT OF THE FIRSTENERGY PROJECTS?

A. Yes. The construction of the FirstEnergy Projects presents significant risks and challenges as well. Costs for construction materials, specialized skilled labor, and specialized equipment remain high and subject to significant fluctuation due to supply chain issues and labor shortages. This uncertainty is exacerbated at a macro level by factors including: (i) geopolitical unrest, particularly in regions where materials and products used in the electricity sector are sourced; (ii) extreme weather events of increased frequency and intensity; (iii) changes in tariff policies; and (iv) intense competition for scarce resources both within the electric transmission industry and from industries with competing demand.

These challenges are likely to increase as FirstEnergy proceeds with development of the Project.

V. ADVANCED TECHNOLOGIES

Q. WILL ADVANCED TECHNOLOGIES BE USED IN THE FIRSTENERGY PROJECTS?

A. Yes.

Q. PLEASE DESCRIBE THESE TECHNOLOGIES.

A. FirstEnergy will use optical ground wires ("OPGW") and Aluminum Conductor Steel Supported ("ACSS") transmission conductors which together will provide technologically advanced and highly reliable and resilient projects. FirstEnergy will emphasize good utility practice and efficient engineering design and construction practices in developing the FirstEnergy Projects.

Q. HOW ARE THESE TECHNOLOGIES AND THEIR USE IN THE FIRSTENERGY PROJECTS "ADVANCED"?

A. OPGW is used in transmission line applications as an alternative to a traditional ground wire. The primary purpose of the OPGW is to shield transmission conductors from lightning and other faults, however it also provides a telecommunication path with the added benefit of optical fibers. Due to OPGW being located at the top of a transmission line structure, it is inaccessible, making it one of the most reliable communication media.

ACSS conductors are designed to operate at a higher temperature (up to 250ºC) than standard transmission conductors without loss of strength providing increased current carrying capability than standard conductors of the same size, and ACSS conductors sag less than standard conductors under high electrical loading.

Q. WHAT ADVANTAGES DOES USING THESE TECHONOLOGIES PROVIDE?

A. OPGW has several advantages as compared to traditional ground wire. It is a low-cost solution to provide a reliable communication path for protection and control of the transmission system, does not require environmental disturbances to bury the cable underground, and cannot be easily damaged by humans or animals due to its inaccessibility. Utilizing ACSS conductors for new line construction is advantageous due to its higher ampacity as compared to standard conductors and reduced conductor sag which keeps structure sizes and costs economical.

VI. FEDERAL POWER ACT SECTION 205 FILING

Q. IF ONE OR MORE OF THE FIRSTENERGY PROJECTS IS ABANDONED FOR REASONS BEYOND FIRSTENERGY'S CONTROL, WILL FIRSTENERGY MAKE A SECTION 205 FILING TO RECOVER THE ABANDONED PLANT FOR THAT PROJECT?

A. Yes. In accordance with Order No. 679, if abandonment occurs with respect to one or more of the FirstEnergy Projects in whole or in part, FirstEnergy will make a filing under section 205 of the Federal Power Act to demonstrate that the abandonment of such project was for reasons beyond its control and demonstrate that the costs for which recovery is sought were prudently incurred.

VII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?

A. Yes.

APPENDIX A

CURRICULUM VITAE OF JACQUELYN LEE LOJEK

Jacquelyn L. Lojek, P.E.

800 Cabin Hill Drive • Greensburg, PA 15601 • 724-504-9102 • jlojek@firstenergycorp.com

FORMAL EDUCATION

University of Pittsburgh, Pittsburgh, PA — April 2014
Master of Science, Industrial Engineering — GPA 3.97

Pennsylvania State University, Erie, PA — May 2011
Bachelor of Science, Electrical Engineering — GPA 3.78

PROFESSIONAL ENGINEER LICENSES

Commonwealth of Pennsylvania – PE087848 — June 2018 – Present
State of Maryland – 63090 — June 2024 – Present
State of West Virginia – 26766 — July 2024 – Present
Commonwealth of Virginia – 068667 — July 2024 – Present
State of Ohio – PE.91692 — December 2024 – Present

PROFESSIONAL EXPERIENCE

FirstEnergy Service Company, 800 Cabin Hill Drive, Greensburg, PA — 2023 – Present
Manager, Transmission Planning

- Manage transmission planning functions for external studies across FirstEnergy.
- Provide technical guidance to staff supervisors and engineers.
- Coordinate transmission projects with other departments and regions to ensure transmission reliability and resiliency.
- Meet with PJM Interconnection, LLC, government officials, regulators and public to exchange information related to planned enhancements on the transmission system.
- Major Projects: 2022 PJM RTEP Open Window 3 – Data Center Projects, 2024 PJM RTEP Open Window 1, New Jersey Clean Energy Corridor

FirstEnergy Service Company, 800 Cabin Hill Drive, Greensburg, PA — 2022 – 2023
Manager, Process Control & Continuous Improvement

- Developed, coached, and mentored team of eight continuous improvement professionals.
- Re-wrote the structure of the department by establishing skill sets needed, development plans for each employee, and increase internal team by screening, interviewing, and selecting talent.
- Oversaw and managed the implementation of the Project Lifecycle Management (PLMP) process.
- Executed continuous improvement projects across FirstEnergy.
- Worked across FirstEnergy on improvement efforts and increased collaboration to breakdown silos.
- Improved continuous improvement training statistics from 20 employees to 100+ within six months.

FirstEnergy Service Company, 800 Cabin Hill Drive, Greensburg, PA — 2021 – 2022
Supervisor, Transmission Project Management

- Led and directed team of ten internal project managers in successful execution of projects to contribute to the annual financial goals of the Transmission and Distribution Programs.
- Provided leadership support to external project managers hired from contracted partners.
- Ensured team adherence to FirstEnergy Core Values, PLMP, Manual of Operations, FE Construction Standards, Compliance Ethics and Integrity, Accident Prevention Handbook, and Contractor Sourcing Strategy.
- Developed and maintained training curriculum for onboarding new Project Managers.
- Sourced external support and construction oversight, developed schedule, submitted outages, and oversaw execution of major programs.
- Major Projects: Right of Way Assurance Program, FirstEnergy Priority Repair Program, Rhodes Lane Security Enhancement Program, Penelec and West Penn Power Long Term Infrastructure Improvement Plan

Jacquelyn L. Lojek, P.E.

800 Cabin Hill Drive • Greensburg, PA 15601 • 724-504-9102 • jlojek@firstenergycorp.com

FirstEnergy Service Company, 800 Cabin Hill Drive, Greensburg, PA 2017 – 2021
Engineer, Transmission Planning

- Executed annual Summer Assessment and Long-Term Assessment studies on the BES (Bulk Electric System) and non-BES transmission system to ensure compliance with NERC, PJM, and FirstEnergy planning criteria.
- Developed mitigation plans to address planning criteria violations identified in the annual PJM Regional Transmission Expansion Plan (RTEP) process and submitted proposals through the competitive planning open window.
- Performed annual Degraded Grid Study for Davis-Besse, Perry, and Beaver Valley nuclear plants to confirm that FirstEnergy can adequately and safely provide the facility offsite power under emergency conditions.
- Performed system studies associated with the connection of new PJM Generation Queue projects, area economic development opportunities, and retail or wholesale load connections.
- Supported analysis to identify solutions to mitigate identified planning criteria violations due to generator deactivations.
- Major Projects: Beaver Valley, Davis Besse and Perry Nuclear Plant Deactivation Analysis

Westinghouse Electric Company, 5000 Ericsson Drive, Warrendale, PA 2011 – 2017
Senior Engineer, Distributed Control & Information Systems

- Responsible for cross-functional team of union technicians, quality control inspectors, production supervisors, production controllers, quality assurance engineers and project management to achieve critical customer deliveries for relay control enclosures.
- Maintained 100% on time delivery for five-year period by meeting strict customer deadlines.
- Led factory acceptance test program of 75 integrated hardware and software tests by managing 15 test engineers and two technicians to meet accelerated test schedule.
- Developed implementation strategies for complex design changes to reduce errors found during functional testing.
- Maintained configuration control and bill of materials for 406 relay control and network infrastructure enclosures.
- Troubleshot test failures and hardware non-conformances.
- Directed and managed customer quality plan surveillances for manufacturing and testing activities.
- Commissioned relay control equipment at customer sites.
- Major Projects: Shin-Kori Units 3&4 and Barakah Nuclear Power Plant Units 1-4

COMMUNITY INVOLVEMENT

- American Red Cross – Chestnut Ridge Chapter: Board Member
- Westmoreland County Food Bank: Volunteer
- United Way of Southwestern Pennsylvania: Volunteer
- FirstEnergy Ambassador Network Penn State: Engineering Lead
- FirstEnergy Ambassador Network University of Pittsburgh: Member

TESTIMONY AND PROCEEDINGS

Docket No ER24-1998-0000 before Federal Energy Regulatory Commission
Provided written testimony on behalf of FirstEnergy before the Federal Energy Regulatory Commission regarding the abandoned plant incentive. 2024

Docket No ER25-19-0000 before the Federal Energy Regulatory Commission
Provided written testimony on behalf of FirstEnergy before the Federal Energy Regulatory Commission regarding the abandoned plant incentive. 2024

Docket NO ER25-1633-000 before the Federal Energy Regulatory Commission
Provided written testimony on behalf of FirstEnergy before the Federal Energy Regulatory Commission regarding Valley Link's formula rate and transmission incentive application. 2025

ATTACHMENT B

PJM DESIGNATED ENTITY LETTERS OF POTOMAC EDISON AND ATSI

FirstEnergy

76 South Main Street
Akron, Ohio 44308

Carl J. Bridenbaugh
Vice President, Power Delivery

330-384-3850

April 11, 2025

Jason Connell
Vice President – Planning
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

RE: Response to March 13, 2025, Notification of Designation of Construction Responsibility

Dear Mr. Connell:

This letter is in response to the letter from PJM dated March 13, 2025, notifying The Potomac Edison Company (POTED) as the Designated Entity with construction responsibility for PJM baseline upgrades approved by the PJM board on February 26, 2025.

In accordance with Schedule 6, Section 1.5.8 of the PJM Operating Agreement, POTED acknowledges and accepts designation of construction responsibility for the upgrades listed in Attachment A and submits its development schedule as listed in Attachment B. Moreover, because the Consolidated Transmission Owners Agreement (CTOA) also applies to the subject PJM baseline upgrades, POTED also acknowledges and accepts designation of construction responsibility for the subject upgrades pursuant to CTOA Section 4.2.2.

Attachment A reproduces the information included in the Attachment A provided with PJM's March 13, 2025, letter, and any changed or added text in these columns is shown in redline format. Attachment B provides Project Development Milestones for all the referenced projects.

Should you have any questions or need any additional information, please contact Larre Hozempa (330) 384-5231.

Carl J. Bridenbaugh
Vice President, Power Delivery

cc: Jeremy Hay
Greg Hussing
Lawrence Hozempa
Jacquelyn Lojek
John Martinez
Jim Myers
Mark Mroczynski
Doug Saltz
Sami Abdulsalam – PJM
Augustine Caven – PJM
Dave Egan – PJM

Attachment A: New required RTEP Projects:

PJM Baseline Upgrade ID	Project Description	Cost Estimate ($M)	Construction Designation	Required In-Service Date	Related To Tie Line	Transmission Owner Projected In-Service Date
b4000.11	Expand Black Oak Sub to accommodate the connection of the 502 Jct-Woodside 500kV line and loop the 502 Jct-Woodside 500 kV line into the Black Oak substation by constructing ~0.85 miles of new 500kV line into and out of Black Oak 500kV substation	$19.23	POTED	6/1/2029	NA	6/1/2029
b4000.110	Doubs Sub 500kV - replace 50kA breaker DL-59 #2CAP with 63kA	~~$11.50~~ $10.06 (1)	POTED	6/1/2029	NA	6/1/2029
b4000.12	Upgrade the terminal equipment on the Doubs No. 1 500/230kV transformer.	$0.43	POTED	6/1/2029	NA	6/1/2029
b4000.13	Terminate the Woodside-Goose Creek 500kV Line into Doubs Sub, creating the Woodside - Doubs #2 500kV Line; Remove the Chanceford-Doubs and Rocky Point-Doubs line terminations at the Doubs Sub and connect the two lines through a 0.6 mile 500kV bypass line around the Doubs Sub	$13.97	POTED	6/1/2032	X	6/1/2032

(1) $10.06 million is the current year dollars that were submitted, $11.50 million was the in-service year dollars that were submitted.

Attachment B: New required RTEP Projects Milestones:

	MILESTONES			
PJM Baseline Upgrade ID	**Execute Interconnection Coordination Agreement:** On or before this date, Designated Entity must execute the Interconnection Coordination Agreement or request the agreement be filed unexecuted.	**Demonstrate Adequate Project Financing:** On or before this date, Designated Entity must demonstrate that adequate project financing has been secured. Project financing must be maintained for the term of this Agreement	**Acquisition of all necessary federal, state, county, and local site permits:** On or before this date, Designated Entity must demonstrate that all required federal, state, county and local site permits have been acquired.	**Required Project In-Service Date:** On or before this date, Designated Entity must: (i) demonstrate that the Project is completed in accordance with the Scope of Work in Schedules B of this Agreement; (ii) meets the criteria outlined in Schedule D of this Agreement; and (iii) is under Transmission Provider operational dispatch.
b4000.11	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $150 million credit facility that is currently in place	4/28/2028	6/1/2029
b4000.110	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $150 million credit facility that is currently in place	N/A	6/1/2029
b4000.12	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $150 million credit facility that is currently in place	N/A	6/1/2029
b4000.13	Q2-2026	Project will be funded annually starting September 2025 from Cash from Operations & a $150 million credit facility that is currently in place	6/1/2031	6/1/2032

FirstEnergy

76 South Main Street
Akron, Ohio 44308

Mark Mroczynski
President Transmission

330-384-5570

April 11, 2025

Jason Connell
Vice President – Planning
PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

RE: Response to March 13, 2025, Notification of Designation of Construction Responsibility

Dear Mr. Connell:

This letter is in response to the letter from PJM dated March 13, 2025, notifying American Transmission Systems, Inc. (ATSI) as the Designated Entity with construction responsibility for PJM baseline upgrades approved by the PJM board on February 26, 2025.

In accordance with Schedule 6, Section 1.5.8 of the PJM Operating Agreement, ATSI acknowledges and accepts designation of construction responsibility for the upgrades listed in Attachment A and submits its development schedule as listed in Attachment B. Moreover, because the Consolidated Transmission Owners Agreement (CTOA) also applies to the subject PJM baseline upgrades, ATSI also acknowledges and accepts designation of construction responsibility for the subject upgrades pursuant to CTOA Section 4.2.2.

Attachment A reproduces the information included in the Attachment A provided with PJM's March 13, 2025, letter, and any changed or added text in these columns is shown in redline format. Attachment B provides Project Development Milestones for all the referenced projects.

Should you have any questions or need any additional information, please contact Larre Hozempa (330) 384-5231.

Mark D Mroczynski

Mark Mroczynski
President Transmission

cc: Carl Bridenbaugh
Jeremy Hay
Greg Hussing
Lawrence Hozempa
Jacquelyn Lojek
John Martinez
Doug Saltz
Sami Abdulsalam – PJM
Augustine Caven – PJM
Dave Egan – PJM

Attachment A: New required RTEP Projects:

PJM Baseline Upgrade ID	Project Description	Cost Estimate ($M)	Construction Designation	Required In-Service Date	Related To Tie Line	Transmission Owner Projected In-Service Date
b3925.4	Rebuild the Greenfield-Beaver 138kV corridor (3 2 miles) with 795 kcmil 26/7 ACSS. This corridor encompasses multiple 138kV lines that are const ructed on common towers.	$131.43	ATSI	6/1/2029	NA	6/1/2029
b3925.3	Rebuild the 6.5 miles of Avery-Hayes 138kV Line with 795 kcmil 26/7 ACSS conductor	$11.01	ATSI	6/1/2027	NA	6/1/2027
b3925.2	Rebuild the 13.45 miles of Greenfield-Lakeview 1 38kV Line from 2 x 336.4 kcmil 26/7 ACSR to 1 x 795 kcmil 26/7 ACSS	$59.68	ATSI	6/1/2029	NA	6/1/2029
b3925.1	Rebuild the 7.46 miles of Avery-Shinrock 138kV Line with 795 kcmil 26/7 ACSS (7.46 miles)	$15.20	ATSI	6/1/2029	NA	6/1/2029

Attachment B: New required RTEP Projects Milestones:

	MILESTONES			
PJM Baseline Upgrade ID	**Execute Interconnection Coordination Agreement:** On or before this date, Designated Entity must execute the Interconnection Coordination Agreement or request the agreement be filed unexecuted.	**Demonstrate Adequate Project Financing:** On or before this date, Designated Entity must demonstrate that adequate project financing has been secured. Project financing must be maintained for the term of this Agreement	**Acquisition of all necessary federal, state, county, and local site permits:** On or before this date, Designated Entity must demonstrate that all required federal, state, county and local site permits have been acquired.	**Required Project In-Service Date:** On or before this date, Designated Entity must: (i) demonstrate that the Project is completed in accordance with the Scope of Work in Schedules B of this Agreement; (ii) meets the criteria outlined in Schedule D of this Agreement; and (iii) is under Transmission Provider operational dispatch.
b3925.4	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $350 million credit facility that is currently in place	6/1/2027	6/1/2029
b3925.3	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $350 million credit facility that is currently in place	12/29/2025	6/1/2027
b3925.2	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $350 million credit facility that is currently in place	6/1/2027	6/1/2029
b3925.1	N/A	Project will be funded annually starting September 2025 from Cash from Operations & a $350 million credit facility that is currently in place	11/28/2026	6/1/2029

ATTACHMENT C

PJM TARIFF, ATTACHMENT H-11A, H-21A

ATTACHMENT H-11A

Other Supporting Facilities Charges — Monongahela Power Company, The Potomac Edison Company, and FirstEnergy Pennsylvania Electric Company

Formula Rate – Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company* ("South FirstEnergy Operating Companies" or "SFC") for Network Integration Transmission Service

Service Below 115 kV in the Allegheny Power Zone (Other Supporting Facilities Charges)

As provided in Attachment H-11, service utilizing facilities at voltages below 115 kV owned by one of the Operating Companies designated in the table below to transmit energy to and from a customer within the Allegheny Power Zone will be provided at the rates set forth below ("Other Supporting Facilities Charges").

Customer/Interconnection Point/Customer Facility	Operating Company	Rate
WM Renewable Energy, LLC	FirstEnergy Pennsylvania Electric Company	$2,592.00/mo.
All Dams Generation, LLC (Allegheny River Lock and Dam No. 5)	FirstEnergy Pennsylvania Electric Company	$4,320.00/mo.
Harrison Rural Electrification Association, Inc. (Barnetts Run, Chiefton, Dola, Oral Lake, Crystal Lake, Buckhannon, Milford Rd.)	Monongahela Power Company	$13,047.00/mo.

Thurmont Municipal Light Company (Main Street, Moser Road (Primary) and Moser Road (Back-Up)	The Potomac Edison Company	$11,529.18/mo.
Allegheny Electric Cooperative, Inc.	FirstEnergy Pennsylvania Electric Company	$30,400.00/mo.

Service At or Above 115 kV in the Allegheny Power Zone by SFC

See attached formula rate.

* The reference to West Penn Power Company is solely to ensure the continued effectuation of the formula rate true-up.

For the 12 months ended 12/31/

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

American Transmission Systems, Inc.

Line No.						Allocated Amount
1	GROSS REVENUE REQUIREMENT	(page 3, line 29, col 5)				$ -
	REVENUE CREDITS	(Note T)	Total		Allocator	
2a	Account No. 451	(page 4, line 34)	-	TP	0.00000	-
2b	Account No. 454	(page 4, line *35*)	-	TP	0.00000	-
3	Account No. 456	(page 4, line *36*)	-	TP	0.00000	-
4a	Revenues from Grandfathered Interzonal Transactions			TP	0.00000	-
4b	Revenues from service provided by the ISO at a discount			TP	0.00000	-
5a	Legacy MTEP Credit (Appendix E, page 2, line 3, col. 12)		-	TP	0.00000	-
5b	Reserved		-	TP	0.00000	-
5c	Reserved		-	TP	0.00000	-
5d	Transmission Enhancement Credit (Appendix D, page 2, line 2, col. 10)		-	TP	0.00000	-
6a	TOTAL REVENUE CREDITS (sum lines 2a-5d)		$ -			$ -
6b	TRUE-UP ADJUSTMENT WITH INTEREST (Protocols)					
7	NET REVENUE REQUIREMENT	(line 1 minus line 6a plus line 6b)				$ -

	DIVISOR			Total
8	1 Coincident Peak (CP) (MW)		(Note A)	
9	Average 12 CPs (MW)		(Note B)	
10	Reserved			-
11	Reserved			-
12	Reserved			-
13	Reserved			-
14	Reserved			-
15	Reserved			

			Total
16	Annual Network Rate ($/MW/Yr)	(line 7 / line 8)	$ -

			Peak Rate Total	Off-Peak Rate Total
17	Point-To-Point Rate ($/MW/Year)	(line 7 / line 9)	$ -	$ -
18	Point-To-Point Rate ($/MW/Month)	(line 17/12)	$ -	$ -
19	Point-To-Point Rate ($/MW/Week)	(line 17/52)	$ -	$ -
20	Point-To-Point Rate ($/MW/Day)	(line 19/5; line 19/7)	$ -	$ -
21	Point-To-Point Rate ($/MWh)	(line 17/4,160; line 17/8,760)	$ -	$ -

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

American Transmission Systems, Inc.

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator		(5) Transmission (Col 3 times Col 4)
	RATE BASE:					
	GROSS PLANT IN SERVICE					
1	Production	205.46.g (Notes U & X)		NA		
2	Transmission	207.58.g (Notes U & X)		TP	0.00000	-
3	Distribution	207.75.g (Notes U & X)		NA		
4	General & Intangible	205.5.g & 207.99.g (Notes U & X)		W/S	1.00000	-
5	Common	356.1 (Notes U & X)		CE	1.00000	-
6	TOTAL GROSS PLANT (sum lines 1-5)		-	GP=	0.000%	-
	ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c (Notes U & X)		NA		
8	Transmission	219.25.c (Notes U & X)		TP	0.00000	-
9	Distribution	219.26.c (Notes U & X)		NA		
10	General & Intangible	200.21.c & 219.28.c (Notes U & X)		W/S	1.00000	-
11	Common	356.1 (Notes U & X)		CE	1.00000	-
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		-			-
	NET PLANT IN SERVICE					
13	Production	(line 1- line 7)	-			
14	Transmission	(line 2- line 8)	-			-
15	Distribution	(line 3 - line 9)	-			
16	General & Intangible	(line 4 - line 10)	-			-
17	Common	(line 5 - line 11)	-			-
18	TOTAL NET PLANT (sum lines 13-17)		-	NP=	0.000%	-
	ADJUSTMENTS TO RATE BASE (Note F & HH)					
19	Account No. 281 (enter negative)	Appendix G(3)		NA		
20	Account No. 282 (enter negative)	Appendix G(3)		NP	0.00000	-
21	Account No. 283 (enter negative)	Appendix G(3)		NP	0.00000	-
22	Account No. 190	Appendix G(3)		NP	0.00000	-
23	Account No. 255 (enter negative)	Appendix G(3)		NP	0.00000	-
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		-			-
25	LAND HELD FOR FUTURE USE	214.x.d (Notes G & Y)		TP	0.00000	-
	WORKING CAPITAL (Note H)					
26	CWC	calculated	-			-
27	Materials & Supplies (Note G)	227.8.c & .16.c (Note Y)		TE	0.00000	-
28a	Prepayments (Account 165)	111.57.c (Notes Y & CC)		GP	0.00000	-
28b	Unfunded Reserve Plant-related (enter negative) (Acct Nos. 228.1-228.4, 242) (Notes Y & Z)		-	NP	0.00000	-
28c	Unfunded Reserve Labor-related (enter negative) (Acct Nos. 228.1-228.4, 242) (Notes Y & Z)		-	W/S	1.00000	-
29	TOTAL WORKING CAPITAL (sum lines 26 - 28c)		-			-
30	RATE BASE (sum lines 18, 24, 25, & 29)		-			-

Formula Rate - Non-Levelized | Rate Formula Template Utilizing FERC Form 1 Data | For the 12 months ended 12/31/

American Transmission Systems, Inc.

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator		(5) Transmission (Col 3 times Col 4)
	O&M (Note DD)					
1	Transmission	321.112.b		TE	0.00000	-
1a	Less LSE Expenses Included in Transmission O&M Accounts (Note W)				1.00000	-
2	Less Account 565	321.96.b			1.00000	-
2a	Less Deferred Internal Integration Costs	(Note C)		TE	0.00000	-
3	A&G	323.197.b *(Note BB)*		W/S	1.00000	-
4	Less FERC Annual Fees			W/S	1.00000	-
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)			W/S	1.00000	-
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)			TE	0.00000	-
6	Common	356.1		CE	1.00000	-
6a	Amortization of Regulatory Asset	Appendices B, C, & F, Line 14, Column F (Note EE)		DA	1.00000	-
7	Transmission Lease Payments				1.00000	-
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 6a, 7 less 1a, 2, 2a, 4, 5)		-			-
	DEPRECIATION AND AMORTIZATION EXPENSE					
9	Transmission	336.7.b (Note U)		TP	0.00000	-
10	General & Intangible	336.1.f & 336.10.f (Note U)		W/S	1.00000	-
11	Common	336.11.b (Note U)		CE	1.00000	-
12	TOTAL DEPRECIATION (sum lines 9 - 11)		-			-
	TAXES OTHER THAN INCOME TAXES (Note J)					
	LABOR RELATED					
13	Payroll	263.i		W/S	1.00000	-
14	Highway and vehicle	263.i		W/S	1.00000	-
15	PLANT RELATED					
16	Property	263.i		GP	0.00000	-
17	Gross Receipts	263.i		NA		-
18	Other	263.i		GP	0.00000	-
19	Payments in lieu of taxes			GP	0.00000	-
20	TOTAL OTHER TAXES (sum lines 13 - 19)		-			-
	INCOME TAXES	(Note K)				
21	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		0.00%			
22	CIT=(T/1-T) * (1-(WCLTD/R)) =		0.00%			
	where WCLTD=(page 4, line 27) and R= (page 4, line30)					
	and FIT, SIT & p are as given in footnote K.					
23	1 / (1 - T) = (from line 21)		0.0000			
24	Amortized Investment Tax Credit (266.8f) (enter negative)					
25	Income Tax Calculation = line 22 * line 28		-	NA		-
26	ITC adjustment (line 23 * line 24)		-	NP	0.00000	-
26a	Tax Effect of Permanent Differences and AFUDC Equity (App G, line 1, col 5) (Note FF)		-	DA	1.00000	-
26b	(Excess)/Deficient Deferred Income Taxes (App G, lines 2 & 3, col 3)(Note GG)			DA	1.00000	
27	Total Income Taxes	(sum lines 25 through 26b)	-			-
28	RETURN		-	NA		-
	[Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]					
29	GROSS REV. REQUIREMENT		-			-
	(sum lines 8, 12, 20, 27, 28)					

Formula Rate - Non-Levelized | Rate Formula Template Utilizing FERC Form 1 Data | For the 12 months ended 12/31/

American Transmission Systems, Inc.

SUPPORTING CALCULATIONS AND NOTES

Line No.	(1)	(2)	(3)	(4)	(5)		(6)	
	TRANSMISSION PLANT INCLUDED IN ISO RATES							
1	Total transmission plant (page 2, line 2, column 3)						-	
2	Less transmission plant excluded from ISO rates (Note M)							
3	Less transmission plant included in OATT Ancillary Services (Note N)							
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)						-	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)					TP=	0.00000	
	TRANSMISSION EXPENSES							
6	Total transmission expenses (page 3, line 1, column 3)						-	
7	Less transmission expenses included in OATT Ancillary Services (Note L)							
8	Included transmission expenses (line 6 less line 7)						-	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)						0.00000	
10	Percentage of transmission plant included in ISO Rates (line 5)					TP	0.00000	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)					TE=	0.00000	
	WAGES & SALARY ALLOCATOR (W&S)							
		Form 1 Reference	$	TP	Allocation			
12	Production	354.20.b		0.00	-			
13	Transmission	354.21.b		0.00	-			
14	Distribution	354.23.b		0.00	-		W&S Allocator	
15	Other	354.24,25,26.b		0.00	-		($ / Allocation)	
16	Total (sum lines 12-15)		-		-	=	1.00000	= WS
	COMMON PLANT ALLOCATOR (CE) (Note O)							
			$		% Electric		W&S Allocator	
17	Electric	200.3.c			(line 17 / line 20)		(line 16)	CE
18	Gas	201.3.d			1.00000	*	1.00000	= 1.00000
19	Water	201.3.e						
20	Total (sum lines 17 - 19)		-					
	RETURN (R)						$	
21		Long Term Interest (117, sum of 62c through 67c) (Note AA)						
22		Preferred Dividends (118.29c) (positive number)						
		Development of Common Stock:						
23		Proprietary Capital (112.16c) (Note X)						
24		Less Preferred Stock (line 28)					-	
25		Less Account 216.1 (112.12c) (enter negative) (Note X)						
26		Common Stock	(sum lines 23-25)				-	
			$	%	Cost (Note P)		Weighted	
27	Long Term Debt (112, sum of 18 through 21) (Note X)			0%	0.0000		0.0000	=WCLTD
28	Preferred Stock (112.3d) (Note X)			0%	0.0000		0.0000	
29	Common Stock (line 26)		-	0%	0.1038		0.0000	
30	Total (sum lines 27-29)		-				0.0000	=R
	REVENUE CREDITS							
	ACCOUNT 447 (SALES FOR RESALE)		(310-311)	(Note Q)				
31	a. Bundled Non-RQ Sales for Resale (311.x.h)							
32	b. Bundled Sales for Resale included in Divisor on page 1							
33	Total of line 31 less line 32						-	
34	ACCOUNT 451 (MISCELLANEOUS SERVICE REVENUE) (Note S)		(300.17.b)					
35	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)		(300.19.b)					
36	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (Note V)		(330.x.n)					

Formula Rate - Non-Levelized | Rate Formula Template Utilizing FERC Form 1 Data | For the 12 months ended 12/31/

American Transmission Systems, Inc.

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note Letter	
A	As provided by PJM and in effect at the time of the annual rate calculations pursuant to Section 34.1 of the PJM OATT.
B	Peak as would be reported on page 401, column d of Form 1 at the time of the zonal peak for the twelve month period ending October 31 of the calendar year used to calculate rates.
C	Amount shown in Exhibit No. FE-100, Page 29 of 33, for Deferred Internal Integration Costs.
D	Reserved
E	Reserved
F	Pertaining to adjustments to rate base, the balances in Accounts 190, 281, 282 and 283 should exclude all FASB 106 or 109 related amounts. For example, any and all amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109 should be excluded. The balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated. Account 190 excludes any amounts relating to Charitable Contribution Limitations, Asset Retirement Obligations, and FAS 123 impacts related to Performance Shares and Restricted Stock Units. Accounts 282 and 283 exclude any amounts relating to AFUDC, offsets relating to Asset Retirement Obligations in Account 190, and offsets relating to Charitable Contribution Limitations in Account 190. Account 282 also excludes (i) Extraordinary Property Losses; and (ii) any Asset Impairment amounts incurred on or after January 1, 2015. For either (i) or (ii) above, ATSI is not precluded from requesting FERC approval through a section 205 filing for inclusion in the rate calculation. When determining rate base adjustments related to ADIT in Appendix G(3) ADIT, ATSI will, on a prospective basis only to become effective as of ATSI's first PTRR following the effective date of the issuance of a Final Order approving the Settlement in Docket No. ER20-1740-000 without modification or condition unacceptable to the Settling Parties, only apply the pro-rating averaging methodology to ADIT components related to or resulting from book/tax depreciation differences including but not limited to Net Operating Losses. ATSI will use the beginning/ending averaging methodology for all other non-depreciation related ADIT components. Barring an order from the Commission under FPA Section 205 or 206 approving a different methodology for ATSI, ATSI will follow the foregoing methodology until or unless the IRS or FERC issues any future guidance specifically permitting a different averaging methodology (e.g. pro-rating) for non-depreciation related ADIT components. If the IRS or FERC issues such guidance, ATSI may utilize such methodology without submitting an additional FPA section 205 filing and without additional changes to Appendix G(3) ADIT.
G	Identified in Form 1 as being only transmission related.
H	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111, line 57 in the Form 1.
I	Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
J	Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
K	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26). Inputs Required: FIT = SIT= (State Income Tax Rate or Composite SIT) p = (percent of federal income tax deductible for state purposes)
L	Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1 - 561.3, and 561.BA.
M	Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
N	Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
O	Enter dollar amounts
P	Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). No change in ROE may be made absent a filing with FERC under Section 205 or Section 206 of the Federal Power Act. Per the Settlement Agreement approved by order dated October 29, 2015, in Docket No. ER15-303-000, ATSI's stated ROE is set to: (a) 12.38% through June 30, 2015; (b) 11.06% for the period July 1, 2015 through December 31, 2015; and (c) 10.38% for the period commencing January 1, 2016.
Q	Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456.1 and all other uses are to be included in the divisor.
R	Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
S	Excludes revenues unrelated to transmission services.
T	The revenues credited on page 1, lines 2a-4b shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template. The revenues on lines 5a-5d are supported by separate references for each item.
U	Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC. Depreciation Rates: FERC Account 352 Depr %: 2.24%; FERC Account 353 Depr %: 2.06%; FERC Account 354 Depr %: 2.24%; FERC Account 355 Depr %: 3.09%; FERC Account 356 Depr %: 2.69%; FERC Account 357 Depr %: 2.00%; FERC Account 358 Depr %: 2.04%; FERC Account 359 Depr %: 1.33%. No change to these Depreciation Rates may be made absent a filing with FERC under Section 205 or Section 206 of the Federal Power Act.
V	On Line 36, enter revenues from RTO settlements that are associated with NITS and firm Point-to-Point Service for which the load is not included in the divisor to derive ATSI's zonal rates. Exclude non-firm Point-to-Point revenues, and revenues related to MTEP and RTEP projects.
W	Account Nos. 561.4, 561.8, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
X	Calculate using a 13 month average balance.
Y	Calculate using average of beginning and end of year balance.
Z	Only include from Account No. 242 amounts relating to Vacation Accruals and Employee Incentive Compensation.
AA	Short-term debt and related interest expense shall not be included in the formula rate calculation.
BB	A&G excludes any credit facility fees charged to Account 930.2. PBOP included in FERC Acct. 926, as reported in FERC Form 1 page 323.187.b, is included in the Administrative & General Expenses input to Attachment H-21A, page 3 of 5, line 3. The total PBOP amount in FERC Acct. 926 is $0, per company records. No change to this PBOP amount may be made absent a filing with FERC under Section 205 or Section 206 of the Federal Power Act.
CC	Prepayments shall exclude prepayments of taxes attributable to time periods ending before the beginning of the time period for which the rate calculation is being made.
DD	ATSI will exclude (i) Extraordinary Property Losses; and (ii) any Asset Impairment amounts incurred on or after January 1, 2015. For either (i) or (ii) above, ATSI is not precluded from requesting FERC approval through a section 205 filing for inclusion in the rate calculation.
EE	Regulatory Assets include Vegetation Management from Appendix B-Veg, RTO Realignment Cost Adjustments ("RRCA") from Appendix C-RRCA, and Legacy MTEP Debits from Appendix F-MTEP Debits. Each regulatory asset amortization period is 10 years beginning January 1, 2021; this amortization will be recorded in Account 407.3. These inputs are limited to the regulatory assets amounts and amortization periods approved in Docket No. ER20-1740-000; no other regulatory asset amounts may be included as inputs without specific Commission approval pursuant to FPA section 205 or 206.
FF	Includes the annual income tax cost or benefits due to permanent differences or differences between the amounts of expenses or revenues recognized in one period for ratemaking purposes and the amounts recognized for income tax purposes which do not reverse in one or more other periods. These permanent differences are to include those approved in Docket No. ER20-1740-000 (specifically, the cost of income taxes on the Allowance for Other Funds Used During Construction, a 50% Disallowance for Meals and Entertainment, and Non-Deductible Parking); no other permanent differences may be included without specific Commission approval pursuant to FPA section 205 or 206.
GG	Upon enactment of changes in tax law, income tax rates and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes for schedule M balances not directly taken to the P&L Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes.
HH	The settlement filed in Docket No. ER20-1739-003 on October 18, 2022 specifies the calculation method for certain ADIT balances.